



ECONOMIC INDICATORS ©

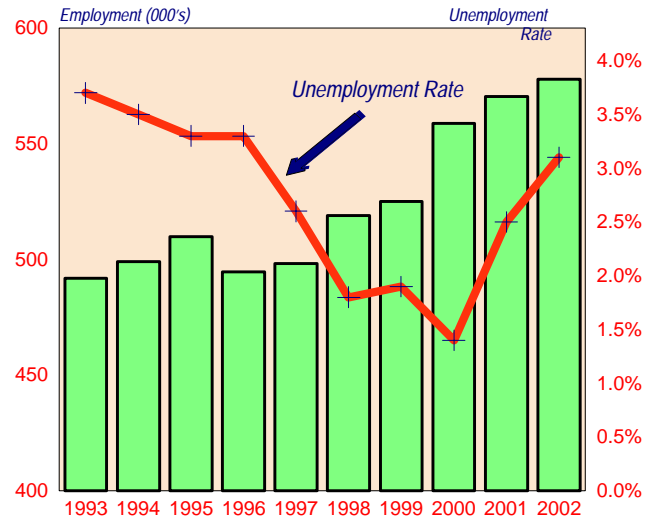
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

AUGUST 2002

In this issue . . .

- The June unemployment rate in Fairfax County stayed at 3.1 percent—no change from May.
- August Sales Tax receipts for Fairfax County, representing retail purchases in June, are 10.2 percent lower than August 2001.
- The overall growth rate of new residential permits has decreased by 3.4 percent year-to-date. Through July, multifamily permits are up 6.7 percent, while single family permits are down 12.0 percent.
- According to homes sales data through June, sales volume was up for existing homes and down for new homes, except for new townhomes which were up 7.3 percent. Median sales prices showed growth for both existing and new home sales.
- Consumer Confidence fell again in August. Consumers' assessment of business conditions and employment is less optimistic than last month.
- In June, both the Metropolitan Washington Coincident and the Fairfax County Coincident Indices increased. While sluggish job growth and uncertainty among investors and consumers has decelerated the recovery process, the local economy continues to rebound from the slowdown in 2001.
- Both the Fairfax County and Metropolitan Washington Leading Indices increased in June. The increase in the leading indices indicates that the region's economy will continue its upward trend through the end of 2002.

RESIDENTIAL EMPLOYMENT - JUNE



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

According to the Virginia Employment Commission (VEC), the June unemployment rate in Fairfax County stayed at 3.1 percent—no change from May's revised unemployment rate. The June 2002 rate was 0.6 points higher than the June 2001 rate of 2.5 percent.

Statewide, the unemployment rate increased 0.2 points to 4.3 percent in June, primarily due to high school students entering the labor market when schools closed for the summer. The June jobless rate was 0.5 points above the June 2001 jobless rate of 3.8 percent. The increase in joblessness was minimal for this time of year. The summer job market has remained strong, despite a decrease in demand for new college graduates as a result of the recession.



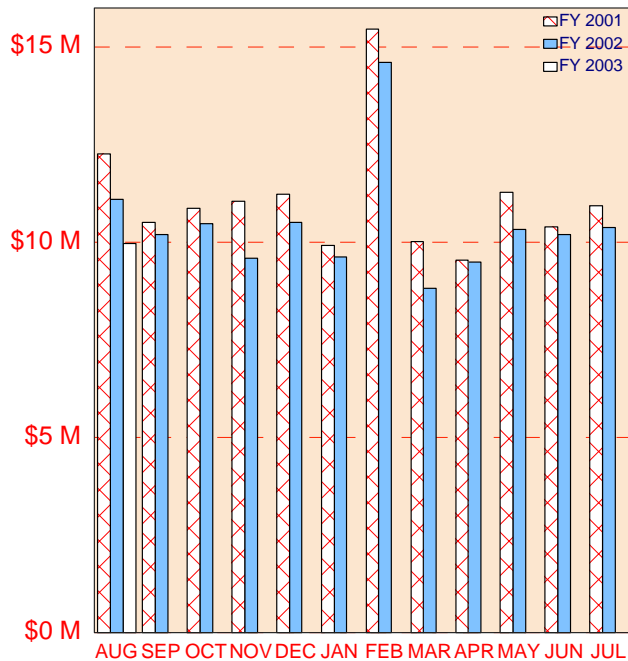
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>

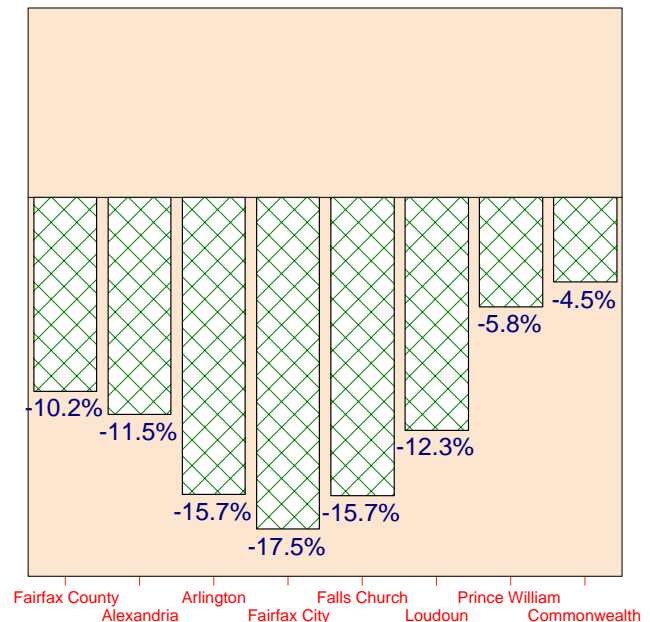


SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

FY 2003 SALES TAX RECEIPTS
AUGUST 2002

Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

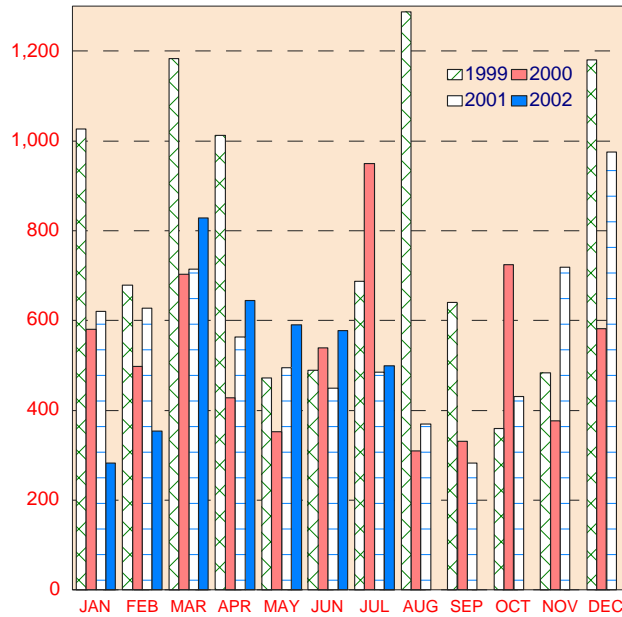
August Sales Tax receipts for Fairfax County, representing retail purchases made in June, are \$10.0 million—10.2 percent lower than August 2001. August receipts represent the first month of FY 2003.

According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in July increased 1.2 percent over June, and were up 4.8 percent over July 2001. Compared to last year, health and personal care store sales were up 8.3 percent, building materials and garden equipment sales were up 3.8 percent, motor vehicle and parts dealers were up 7.5 percent, and gasoline station sales were up 0.5 percent.



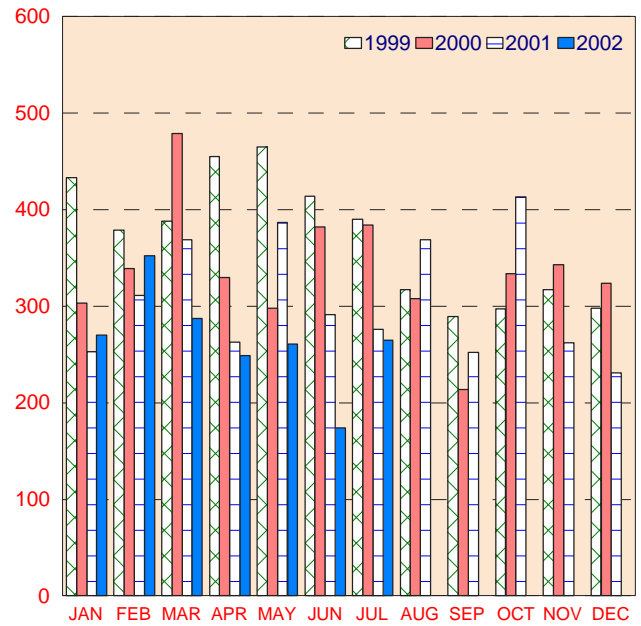
Sales Tax receipt growth in August has been negative among all the Northern Virginia localities. These receipts correspond to retail purchases made in June. It should be noted that two of the top 20 retailers in the State missed the filing deadline for August, which contributed to lower sales figures in August for all the Northern Virginia localities. Based on one month of Sales Tax receipts, revenue is down 17.5 percent in Fairfax City, 15.7 percent in Arlington and Falls Church, 10.2 percent in Fairfax County, and 11.5 percent in Alexandria. Both Prince William County and Loudoun County, which have experienced positive growth over the past five months, fell 5.8 percent and 12.3 percent respectively, in August. During this same period, Statewide Sales Tax receipts are down 4.5 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



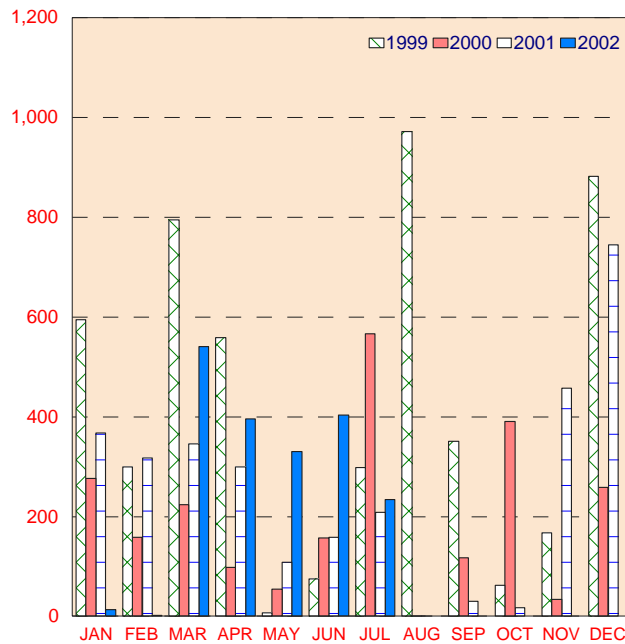
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS



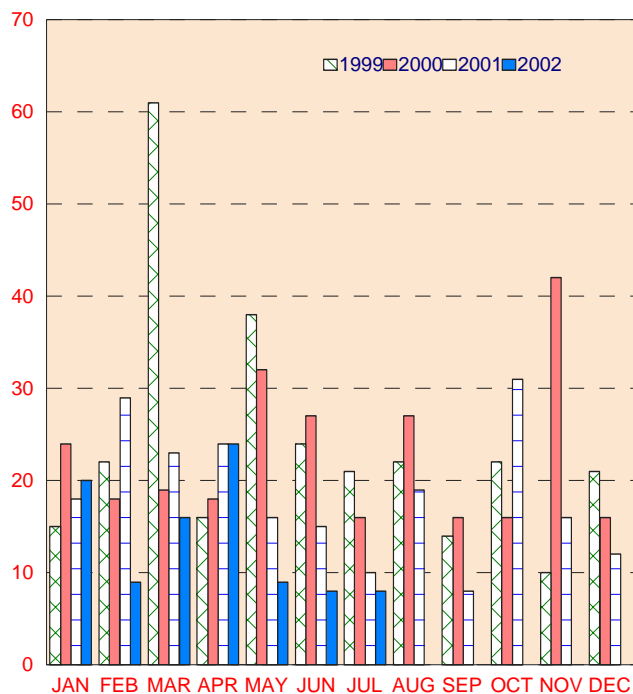
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Note: In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories has decreased, calendar year-to-date. Through July, new residential dwelling permits are down 3.4 percent, or 133 permits. Multifamily permits are up 6.7 percent, or 121 permits, year-to-date, while single family permits are down 12.0 percent, or 254 permits, over the same period.

Residential repair and alteration permits are up calendar year-to-date. Through July, issues of residential repair and alteration permits have increased by 6.9 percent, or 457 permits, from the same period last year.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES

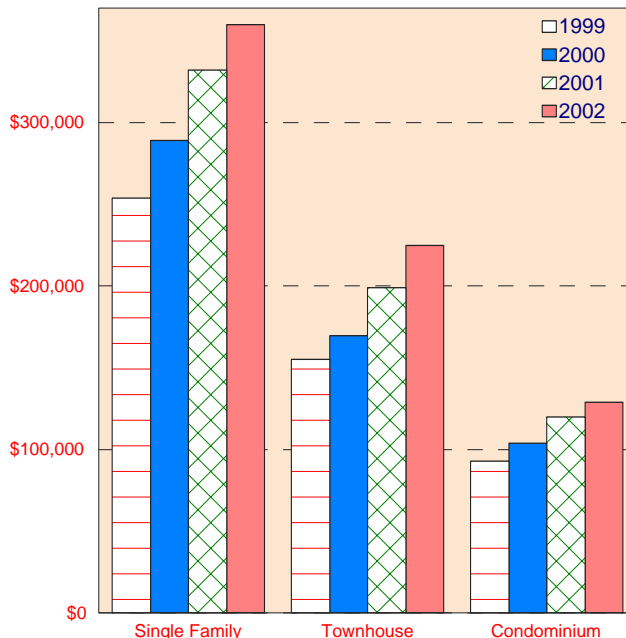


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through July are down 30.4 percent, or 41 permits, from the same period in 2001. Nonresidential repair and alterations permits are down 10.0 percent, or 230 permits, year-to-date.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY - JUNE 2002 COMPARED TO ANNUAL MEDIAN PRICES 1999 - 2001

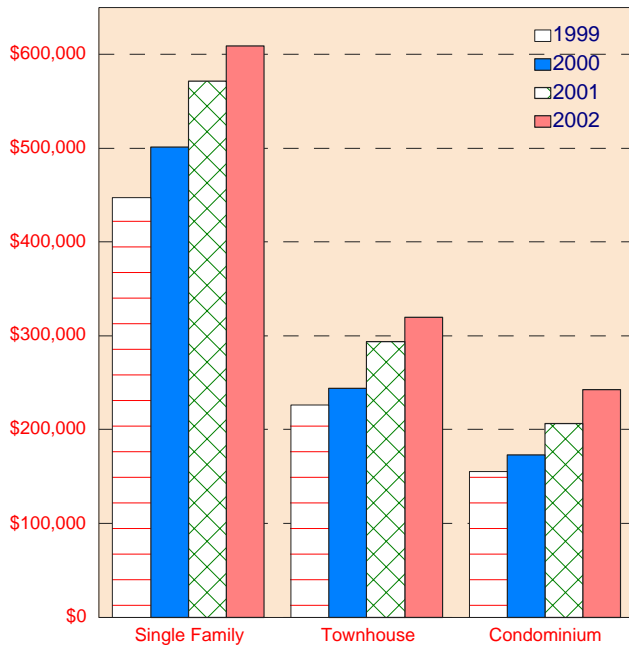


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

According to home sales data through June 2002, existing homes in Fairfax County experienced positive growth in median sales prices. For existing single family homes, the median sales price was \$365,000 compared to the 2001 median of \$330,500—growth of 10.4 percent. The median for townhomes grew 13.6 percent from \$199,000 in 2001 to \$226,005 and the median for condominiums increased from \$119,000 to \$130,000 representing growth of 9.2 percent.



**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY - JUNE 2002 COMPARED TO
ANNUAL MEDIAN PRICES 1999 - 2001**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Through June 2002, growth in median sales prices for new homes remained positive. The median sales price for a new single family home was \$608,850, an increase of 6.7 percent over the 2001 median. New townhomes increased 8.4 percent, from \$294,928 to \$319,738. The median sales price for condominiums increased 16.8 percent, from \$207,650 to \$242,470.

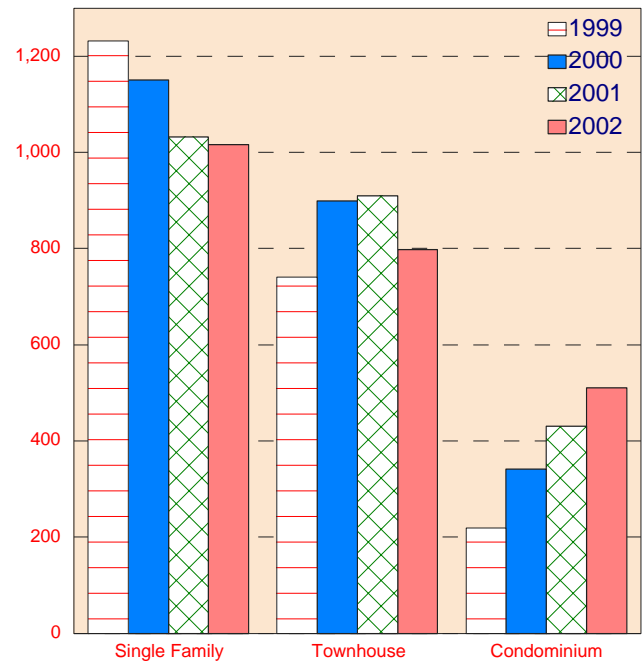
**PERCENTAGE CHANGE IN MEDIAN PRICE OF
HOMES SOLD YEAR-END 2001 COMPARED
TO SALES THROUGH JUNE 2002**

	Existing Sales	New Sales
Single Family	10.4	6.7
Townhouse	13.6	8.4
Condominium	9.2	16.8

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods.

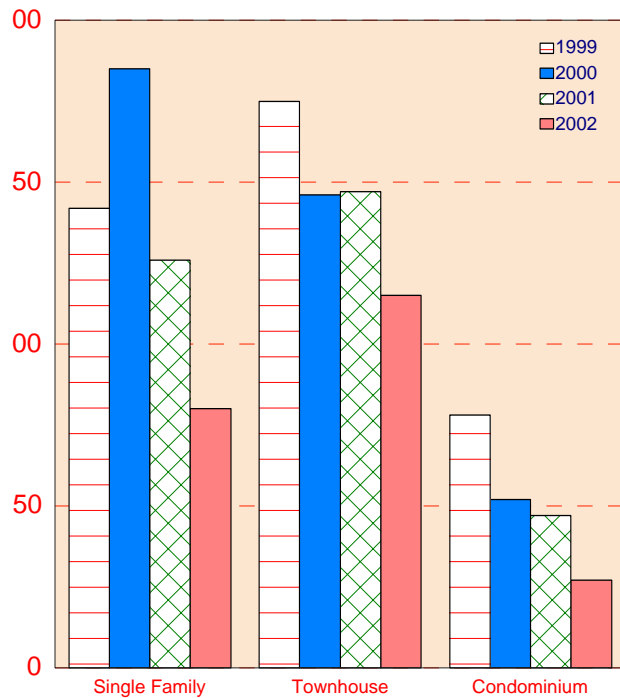
**NUMBER OF EXISTING HOMES SOLD
THROUGH JUNE 1999 - 2002**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Existing home sales volume was up for all homes through June 2002. Single family home sales increased 15.1 percent, from 3,918 to 4,508. Townhome sales increased 4.5 percent from 3,708 to 3,875 while condominium sales were up 31.0 percent from 1,976 to 2,589 year-to-date.

NUMBER OF NEW HOMES SOLD THROUGH JUNE 1999 - 2002

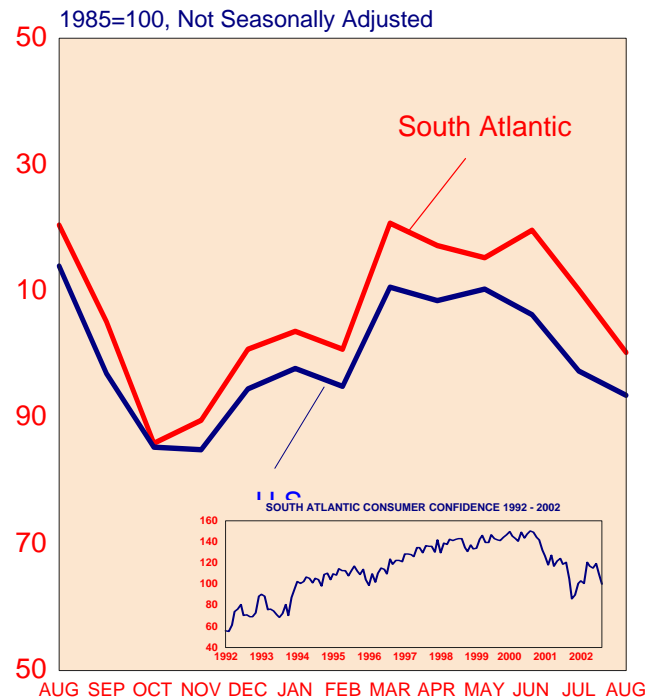


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume has not fared as well as existing home sales. While new townhome sales increased 7.3 percent from 641 to 688, single family home sales fell 18.4 percent, or 146 units, from 795 to 649 year-to-date. New condominium sales have also fallen during calendar year 2002 from 164 in 2001 to 47 in 2002.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

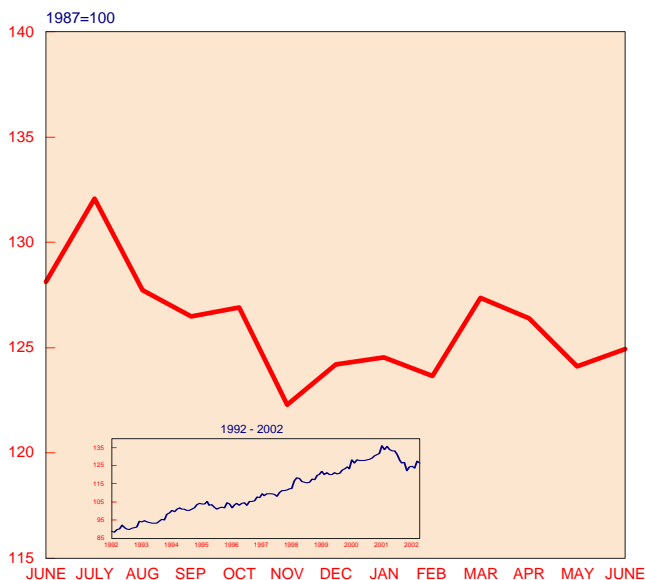


The Conference Board reports that the Consumer Confidence Index fell again in August after declining sharply in July. The Index now stands at 93.5, down 3.9 points from last month and is at its lowest level since November 2001. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

In August, the Present Situation Index fell 7.4 points from last month to 92.0. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, the decrease indicates that consumer spending is not likely to increase anytime soon and business conditions have not yet turned around. The decline in the stock market, coupled with corporate scandals, has contributed to the fall in consumer confidence. The Expectations Index is also down in August, from 96.1 to 94.5; however, Franco notes that the Index remains at levels that indicate a continued, but slow, economic expansion.

The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX

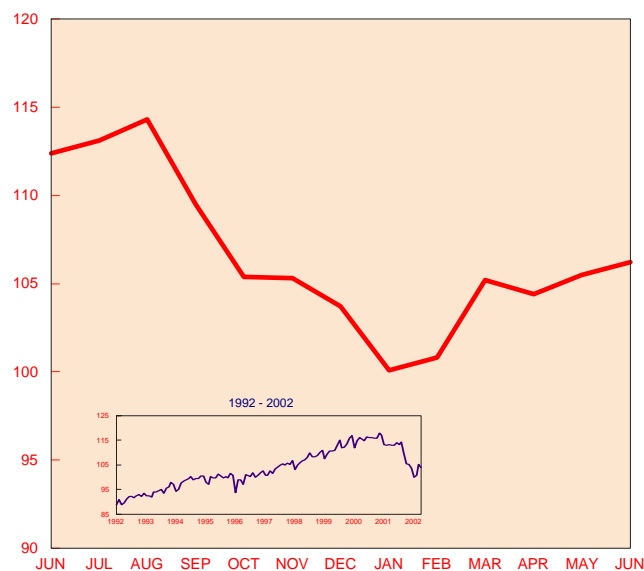


Sources: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 124.9 in June—a 0.7 percent increase over May. This was the Index's first increase since March 2002. Its value still remains 2.5 percent below its June 2001 level, which indicates that the economic expansion has temporarily leveled off. In June, two of the Index's four components contributed to its increase. Total employment increased after decreasing in the previous two months and consumer confidence increased slightly for the second month. Transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased for the fourth month in a row and sales tax collections, adjusted for inflation and seasonal variation, decreased for the fourth time in the last five months.

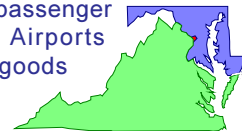


METROPOLITAN COINCIDENT INDEX

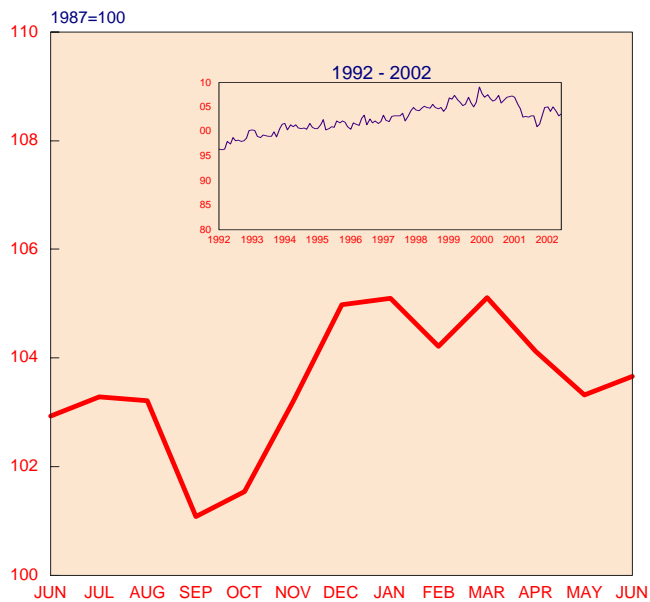


Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 106.2 in June—a 0.7 percent gain over May. This was the fourth increase in the last five months. Despite last month's gain, the Index is still 5.5 percent lower than its June 2001 level. The Index has moved above its 12-month moving average trend line, however, for the first time since January 2001. In June, three of the Index's four components contributed to its gain. Consumer confidence was up sharply, total wage and salary employment increased for the fifth consecutive month and domestic passenger volume at Dulles and Reagan Airports increased slightly. Nondurable goods retail sales declined and have been down in four out of the last six months.

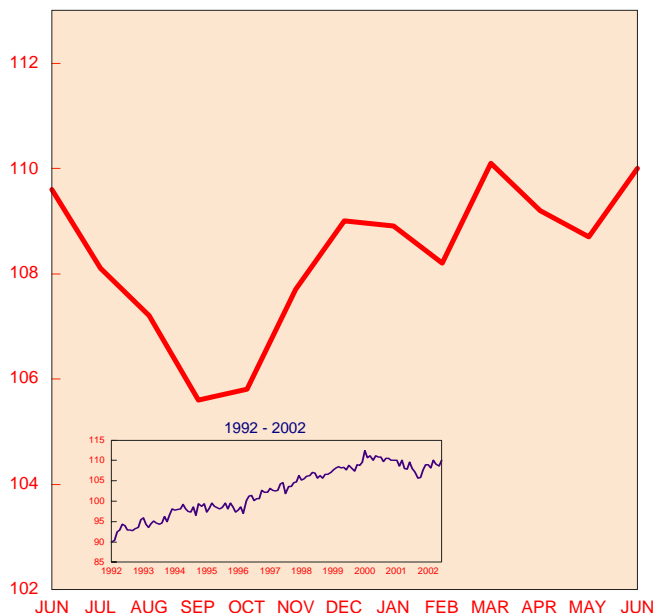


FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



Source: Center Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased by 1.2 percent in June to 110. The Index is 0.3 percent higher than its June 2001 level and has exceeded its same-month values for four months in a row. The Index has exceeded its 12-month moving average trend line since the beginning of the year and has now turned positive. In June, three of the Index's five components contributed to its increase. Consumer expectations increased after falling in the last two months, initial claims for unemployment insurance decreased (improved) sharply, and total residential building permits were up in June. Durable goods retail sales decreased for second month and the Help Wanted Index was unchanged from May.



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased to 103.7 in June—a 0.3 percent increase over May. The Index is 0.7 percent above its June 2001 level and has exceeded same-month values in 2001 for four consecutive months. The Index signals renewed economic growth before the end of 2002. In June, two of the Index's five components contributed to its increase. Initial claims for unemployment insurance decreased (improved) sharply after increasing in May and April and consumer expectations improved following two monthly declines. Residential building permits declined for the third month in a row, the total value of residential building permits decreased for the third consecutive month, and new automobile sales decreased after registering a strong gain in May.



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